EXHIBIT

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ACA
INTERNATIONAL
The Association of Credit
and Collection Professionals

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National Study Finds Debt Collection Industry Essential to U.S. Economy

Collection agencies recovered $39 billion in 2005, saving the average American household $351

MINNEAPOLIS (June 28, 2006) — ACA International, the Association of Credit and Collection Professionals (ACA) today released a new study that demonstrates, for the first time, the value of the third-party collection industry to the U.S. economy. The landmark study reveals that the industry returned $39 billion in 2005 to businesses that extend consumers credit.

The economic effect of this debt collection activity has been to keep prices lower, thus saving the average American household $351. The report, titled "Value of Third-Party Debt Collection to the U.S. Economy: Survey and Analysis," was authored by global advisory firm PricewaterhouseCoopers and based on a national survey of third-party debt collection firms.

"Debt collection companies are proud to play a vital role in the U.S. economy," said ACA Chief Executive Officer Gary Rippentrop. "Businesses large and small rely on ACA member agencies not only to collect unpaid bills, but also to help keep their prices lower for all consumers."

"Debt collection reduces the risk of loss for business; permits greater business expansion; makes it possible for healthcare providers to maintain access to care in their communities; and allows for the privilege and convenience of credit as a positive financial tool for American consumers," Rippentrop added.

The study reveals a growing, positive impact of employment in the third-party debt collection industry, which has more than doubled in the last 15 years—from fewer than 70,000 employees in 1990 to nearly 150,000 in 2005. The direct and indirect economic impact models used in the study estimate that the industry, including business purchases and personal purchases by its owners and workers, supported a total 426,700 American jobs with payroll totaling $15 billion in 2005.

"Many people are surprised to learn that debt collection companies employ state of the art technology, provide great benefits and excellent pay to thousands of Americans," added Rippentrop. "Debt collection firms successfully work for both small businesses and Fortune 500 companies that rely on us to professionally contact and work with their customers."

Essential to Consumers

Included in the price of all goods and services is the cost of business losses arising from bad debt. Consumers benefit from the work of debt collectors through real reductions in consumer prices and greater consumer purchasing power. The study reports that the amount of debt returned by collection agencies in 2005 saved the average American household $351. This amount represents dollars households would have spent if businesses were forced to raise prices to cover bad debt.

"The annual savings is the average household equivalent of 19 bags of groceries, 155 gallons of gas, or more than four months of electric bills," said Rippentrop. "We would all pay higher prices to cover the unpaid bills of others if they were not collected."

Essential to Business

Businesses of every kind and size benefit from third-party debt collection because such services help them keep costs down and reduce their risk of loss. Private businesses charged off an estimated $141 billion in bad debt in 2005. The industry successfully returned $39.3 billion to American businesses last year, representing a 22 percent reduction in private sector bad debt.

"The amount returned to the U.S. economy was equal to three percent of all U.S. corporate pre-tax profits," said Rippentrop. "Many companies might even end up in the red or in bankruptcy without the assistance of debt collection services."

Essential to Creditors

The $39 billion returned by third-party collectors in 2005 represented 62 percent of total "new loans"—the net change in consumer credit outstanding during the period. Furthermore, the returns accounted for 11.4 percent of the pre-tax profits of domestic financial corporations.

"For companies that extend credit or provide financial services to consumers, the effects of bad debt can be especially troublesome. Today's economy increasingly depends on the wide availability of credit at low cost," said Rippentrop. "As credit risk increases, lenders must tighten their credit policies—resulting in reduced consumer spending and lower sales, which could lead to an economic recession."

Essential to Government

Third-party collectors are increasingly working with federal agencies and state and local governments. In fiscal year 2005, the federal government referred $13.7 billion in delinquent receivables to private collection agencies resulting in collections of $693.5 million; up from $351.3 million in 2000. For example, the $603.1 million private collectors returned to the U.S. Department of Education in 2005 represented the average student loan aid received by 122,681 college students during the 2004/05 academic year.

"Debt collection companies are proud of the trust placed in us by the federal government because we help tax dollars go further," said Rippentrop. "In the area of student loans, we're helping more kids go to college."

A Highly Professional Industry

While the value of the collection industry to the economy is clear, most Americans hope they are never contacted by a debt collector. However, there is no such thing as an unpaid bill. Personal finance can be a very emotional, stressful subject. But contrary to outdated myths, debt collectors have a surprisingly positive record of helping the people they contact. Today's credit and collection professionals are often the first to engage a consumer in a problem-solving dialogue about their financial challenges.

"ACA International-member companies are committed to the highest standards of professionalism and ethical behavior," added Rippentrop. "ACA's code of ethics goes beyond the law to guarantee that consumers know their rights and responsibilities and are treated fairly."

Stringent consumer protection laws demand collectors use cooperative resolution rather than intimidation as they act on their clients' behalf. ACA supported the Fair Debt Collection Practices Act which became law in 1977 and continues to support the efforts of state and federal regulators to ensure consumers' rights and collectors' responsibilities are balanced in an ethical and professional industry.

To review the complete PricewaterhouseCoopers report, "Value of Third-Party Debt Collection to the U.S. Economy: Survey and Analysis," please visit *http://www.acainternational.com.*

ACA International, the Association of Credit and Collection Professionals, is the comprehensive, knowledge-based resource for success in the credit and collection industry. Founded in 1939, ACA brings together more than 6,000 members worldwide, including third-party collection agencies, asset buyers, attorneys, creditors and vendor affiliates. The association establishes ethical standards, produces a wide variety of products, services and publications, and articulates the value of the credit and collection industry to businesses, policymakers and consumers. For more information about ACA International, visit http://www.acainternational.org.

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SCOPE OF USE

The *Value of Third-Party Debt Collection To The U.S. Economy: Survey and Analysis* was commissioned by ACA International for the purpose of educating an audience which includes, but is not limited to, consumers, policy makers, the press, members of ACA International and non-members of ACA International about the value of the collection industry and its impact on the U.S. economy.

The survey results are not intended for, nor shall be used to, effectuate any agreement or understanding with respect to business practices, pricing, market share or professional activities. ACA disclaims any liability for any use of the information contained in this survey outside the scope of its intended purpose.

PRICEWATERHOUSECOOPERS

VALUE OF THIRD-PARTY DEBT COLLECTION TO THE U.S. ECONOMY: SURVEY AND ANALYSIS

Prepared for

ACA International

June 27, 2006

National Economic Consulting NEC

VALUE OF THIRD-PARTY DEBT COLLECTION TO THE U.S. ECONOMY: SURVEY AND ANALYSIS

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VALUE OF THIRD-PARTY DEBT COLLECTION TO THE U.S. ECONOMY: SURVEY AND ANALYSIS

EXECUTIVE SUMMARY

The third-party debt collection industry plays an important role in the U.S. economy. The industry employs hundreds of thousands of Americans as collection professionals, who collect on past-due accounts referred to them by various credit grantors, such as credit card issuers, banks, retail stores, hospitals and other health care services, or by Federal, state and local governments. Business purchases of this industry and personal purchases by its owners and workers ripple through the economy, supporting hundreds of thousands more jobs across the country. Further, the industry benefits the economy by recovering billions of dollars in delinquent debt each year that would otherwise go uncollected.

To quantify the value of third-party debt collection to the U.S. economy, ACA International retained PricewaterhouseCoopers LLP to conduct a survey and economic analysis of third-party debt collections.[1] The survey, carried out in the spring of 2006, reveals that in 2005 the industry's collection efforts resulted in $39.3 billion of debt being returned to creditors on a commission basis. The economic benefits of third-party debt collection are significant.

Value to Consumers

For consumers, the benefit of third-party debt collection can be seen through reduced consumer prices and greater consumer purchasing power, since consumers would likely be faced with higher prices if businesses were unable to recoup losses resulting from bad debt. This survey and analysis shows that the $39.3 billion in debt returned to creditors on a commission basis is equivalent to an average savings of $351 per American household that might have otherwise been spent had businesses been forced to raise prices to cover the unrecovered debt. The average per household savings attributable to third-party debt returned to creditors translates into approximately 19 bags of groceries, 129 days of electricity or 155 gallons of gasoline.[2]

Value to Businesses

Businesses, large and small, benefit from third-party debt collection because debt recoveries help them keep costs down and reduce their risk of financial insolvency and

[1] ACA represents over 5,500 members worldwide in the credit and collection industry, including third-party collection agencies, asset buyers, attorneys, creditors, and vendor affiliates.
[2] According to the Mid America Crop Life Association, a typical bag of groceries cost $18.79 in the United States in 2004. The Energy Information Administration reported that the average monthly residential electric bill was $81.42 and the average price of regular gasoline (all grades) was $2.27 in 2005.

bankruptcy that may be triggered by unrecovered bad debt. The $39.3 billion in debt returned to creditors on a commission basis was equivalent to a 22 percent reduction in private-sector bad debt in 2005,[3] and was equal to 3 percent of all U.S. corporate profits before tax, 4.5 percent of before tax profits of all U.S. domestic non-financial corporations, and 11.4 percent of the before tax profits of all U.S. domestic financial corporations.

Value to Creditors

The $39.3 billion in debt returned to creditors on a commission basis in 2005 was roughly 2 percent of total consumer credit outstanding and more than 62 percent of new consumer credit issued. It was equivalent to 3.3 percent of total household borrowing in the United States in 2005.

In addition, third-party debt collectors are increasingly working with Federal agencies and state and local governments. In fiscal year 2005, the Federal government referred $13.7 billion in delinquent receivables to private collection agencies (PCAs) resulting in collections of $693.5 million; up from $351.3 million in FY 2000.[4] In the area of Federal student loans, for example, the $603.1 million that PCAs returned to the Department of Education in fiscal year 2005 represents the average loan aid received by 122,681 college students during the 2004/05 academic year.[5]

Over the last fifteen years, employment in the third-party debt collection industry has more than doubled, from less than 70,000 in 1990 to nearly 150,000 in 2005.[6] We estimate from our economic impact model that the industry's payroll reached nearly $5 billion in 2005. Including business purchases by the industry and personal purchases by its owners and workers, we estimate the industry directly and indirectly supported 426,700 jobs with a payroll of $15.0 billion in 2005.

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[3] Based on data from the Statistics of Income Division of the Internal Revenue Service, the amount of bad debt write-offs claimed by the private sector (corporations, partnerships, and non-farm sole proprietorships) on their tax returns is estimated to be $141 billion in 2005. The percentage reduction in bad debt is calculated as follows: $39.3 billion / ($141 billion + $39.3 billion) = 22%.

[4] Financial Management Service, U.S. Department of Treasury, *Fiscal Year 2005 Report to Congress on U.S. Government Receivables and Debt Collection Activities of Federal Agencies*. March 2006. Currently, the Department of Education, the Department of Treasury, and the Department of Health and Human Services have each established contracts with PCAs to collect debts owed to the Federal government. In addition to collecting debts, PCAs also help Federal agencies establish repayment agreements and resolve debts administratively (e.g., by determining if a debtor is bankrupt, disabled or deceased).

[5] College Board, *Trends in Student Aid 2005*, Table 7a: Loan aid per full-time equivalent (FTE) student during the 2004/05 academic year was $4,916.

[6] Data from *Current Employment Statistics* survey by the U.S. Bureau of Labor Statistics show that about 150,000 collection professionals were employed by third-party collection agencies (as defined under NAICS code 56144) in 2005. Outside of the third-party debt collection industry, many collection professionals work in banks, retail stores, government, physician's offices, hospitals, and other institutions that lend money and extend credit. All together, bill and account collectors as a profession held about 456,000 jobs in 2004, the most recent year for which data are available from the *Occupational Outlook Handbook* by the BLS.

VALUE OF THIRD-PARTY DEBT COLLECTION TO THE U.S. ECONOMY: SURVEY AND ANALYSIS

I. INTRODUCTION

The third-party debt collection industry employs hundreds of thousands of Americans as collection professionals. They collect on past-due accounts referred to them by various credit grantors, such as credit card issuers, banks, retail stores, hospitals and other health care services, or by Federal, state and local governments. By recovering billions of dollars in delinquent debt each year that would otherwise go uncollected, the industry generates important benefits to the U.S. economy. For consumers, the benefit of third-party debt collection can be seen through reduced consumer prices and greater consumer purchasing power, since consumers would likely be faced with higher prices if businesses were unable to recoup losses resulting from bad debt. Businesses, large and small, benefit from third-party debt collection because debt recoveries help them keep costs down and reduce their risk of financial insolvency and bankruptcy that may be triggered by unrecovered bad debt.

To develop a more complete picture of the economic importance of the third-party debt collection industry, PricewaterhouseCoopers LLP was retained by ACA International to conduct a survey of third-party debt collection agencies. The survey was fielded between February and April of 2006 to 992 U.S. third-party collection agencies selected from Dun and Bradstreet's ("D&B's") universe of U.S. third-party debt collection agencies. The third-party collection agencies that responded to the survey were representative of the population in terms of revenues and number of employees as reported by D&B.

The rest of the report is organized as follows. Section II of this report describes the survey and summarizes the results. Section III discusses the economic importance of third-party debt collection. The survey and estimation methodology is discussed in Section IV. An appendix includes a list of the survey questions and information about PricewaterhouseCoopers LLP's National Economic Consulting group, which prepared this study.

II. THIRD-PARTY DEBT COLLECTION SURVEY

PricewaterhouseCoopers LLP conducted a survey of third-party debt collection agencies in order to collect data that could be used to estimate the key measures of economic impact for the industry in 2005. The population for the survey consists of third-party debt collection agencies listed in Dun and Bradstreet's ("D&B's") business file. The third-party collection agencies that responded to the survey were representative of the population in terms of revenues and number of employees as reported by D&B.

Based on the survey, we estimate the total amount of debt recovered in 2005 by third-party debt collection agencies to be $51.4 billion, of which $49.1 billion represented gross collections on a commission basis. Gross recoveries by the third-party debt collection industry on purchased accounts represented $2.3 billion. Debt returned to creditors on a commission basis in 2005 was $39.3 billion.

Table II.1 – Debt Recovered by Third-Party Debt Collection Agencies in 2005
(Billions)

Economic Measure	Estimated Value
Debt Recovered	$51.4
Commission Basis	*$49.1*
Purchased Accounts	*$2.3*
Net Debt Returned on a Commission Basis	$39.3

Note: The margin of error at the 90 percent confidence interval is ± 20% for the estimated "debt recovered" and ± 24% for the estimated "net debt returned on a commission basis".

The total revenues of third-party collection agencies in 2005 from debt collection are estimated to be $12.1 billion, of which $9.8 billion is from commissions and $2.3 billion is from debt recovered on purchased accounts.[7] We estimate that third-party debt collection agencies employed 168,343 workers in 2005.[8]

[7] The margin of error at the 90-percent confidence interval for total revenues is ± 15%.
[8] The margin of error at the 90-percent confidence interval for employees is ± 13%.

III. THIRD-PARTY DEBT COLLECTION AND THE U.S. ECONOMY

Over the last fifteen years, employment in the third-party debt collection industry has more than doubled, from less than 70,000 in 1990 to nearly 150,000 in 2005.[9] We estimate from our economic impact model that the industry's payroll reached nearly $5 billion in 2005. Including business purchases by the industry and personal purchases by its owners and workers, we estimate the industry directly and indirectly supported 426,700 jobs with a payroll of $15.0 billion in 2005.

Third-party debt collection generates significant benefits for both U.S. consumers and businesses. Debt returned to creditors of $39.3 billion on a commission basis by the third-party debt collection industry in 2005 helped maintain lower prices for consumers. The $39.3 billion returned to creditors was equivalent to an average savings of $351 per American household in 2005 or 0.8% of the median U.S. household income of $44,389,[10] had businesses been forced to charge higher prices in the absence of this debt recovery.[11]

To put this number in perspective, the Mid American Crop Life Association estimates that a typical bag of groceries cost approximately $18.79 in 2004. Similarly, the U.S. Department of Energy's Energy Information Administration estimates that in 2005 the average monthly residential electric bill was $81.42 and the average price of regular unleaded gasoline was $2.27. Thus, had businesses been forced to charge higher prices in the absence of this debt recovery, debt returned to creditors by the third-party debt collection industry saved the average household the equivalent of approximately 19 bags of groceries, 129 days of electricity, or 155 gallons of gasoline in 2005.

Businesses, large and small, benefit from third-party debt collection because debt recoveries help cut down potential bad debt write-offs, thus reducing the risk of financial insolvency and bankruptcies for businesses nationwide. We estimate the amount of bad debt write-offs claimed by the private sector on their tax returns was about $141 billion in 2005.[12] This means debt returned to creditors by the third-party debt collection industry helped reduce private-sector bad debt by 22 percent in 2005.[13]

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[9] Data from *Current Employment Statistics* survey by the U.S. Bureau of Labor Statistics show that about 150,000 collection professionals were employed by third-party collection agencies (as defined under NAICS code 56144) in 2005. Outside of the third-party debt collection industry, many collection professionals work in banks, retail stores, government, physician's offices, hospitals, and other institutions that lend money and extend credit. All together, bill and account collectors as a profession held about 456,000 jobs in 2004, the most recent year for which data are available from the *Occupational Outlook Handbook* by the BLS.

[10] U.S. Census Bureau, "*Income, Poverty, and Health Insurance Coverage in the United States: 2004*," August 2005.

[11] According to the U.S. Census Bureau, there were 112 million households in the United States in 2004, the most recent year for which data were available.

[12] The IRS data show that U.S. corporations and partnerships took deductions for bad debt write-offs of $151 billion and $12 billion in 2003, respectively. On the basis of the historical pattern of bad debt write-offs, we estimate that the private sector bad debt write-offs totaled $141 billion in 2005.

In addition to helping businesses keep costs down, third-party debt collectors are increasingly working with Federal agencies and state and local governments. In fiscal year 2005, the Federal government referred $13.7 billion in delinquent receivables to private collection agencies (PCAs) resulting in collections of $693.5 million; up from $351.3 million in FY 2000.[14] In the area of Federal student loans, for example, the $603.1 million that PCAs returned to the Department of Education in fiscal year 2005 represents the average loan aid received by 122,681 college students during the 2004/05 academic year.[15] With the enactment of *The American Job Creation Act of 2004*, which created section 6306 of the Internal Revenue Code allowing the use of private collection agencies in the collection of Federal tax debts, the use of third-party debt collectors by the Federal government is likely to rise, resulting in an increase in the collections and additional money returned to the government.

Third-party debt collection and debt returned to creditors in 2005 can be compared to other relevant economic statistics. As shown in Table III.1, total outstanding consumer credit in the United States increased by $62.5 billion in 2005 to $2.2 trillion. Thus, debt returned to creditors in 2005 by the third-party debt collection industry was roughly 2 percent of total consumer credit outstanding and more than 62 percent of new consumer credit issued.

Debt returned to creditors in 2005 by the third-party debt collection industry was equivalent to 3.3 percent of total household borrowing in the United States in 2005.[16]

As noted above, most of the bad debt written off by the private sector was written off by corporations. In 2005, third-party debt collections returned to creditors was equal to almost 3 percent of all U.S. corporate profits before tax, 4.5 percent of before tax profits of all U.S. domestic non-financial corporations, and 11.4 percent of the before tax profits of all U.S. domestic financial corporations.

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[13] This is calculated as follows: $39 billion / ($141 billion + $39 billion) = 22%.

[14] Financial Management Service, U.S. Department of Treasury, *Fiscal Year 2005 Report to Congress on U.S. Government Receivables and Debt Collection Activities of Federal Agencies*. March 2006. Currently, the Department of Education, the Department of Treasury, and the Department of Health and Human Services have each established contracts with PCAs to collect debts owed to the Federal government. In addition to collecting debts, PCAs also help Federal agencies establish repayment agreements and resolve debts administratively (e.g., by determining if a debtor is bankrupt, disabled or deceased).

[15] College Board, *Trends in Student Aid 2005*, Table 7a: Loan aid per full-time equivalent (FTE) student during the 2004/05 academic year was $4,916.

[16] Including mortgage borrowing.

Table III.1 –Third-Party Debt Collection Relative to Key Economic Variables, 2005

	Amount (in $ billions)	Total Debt Collected, as a Percent of	Debt Returned to Credit Grantors, as a Percent of
Third Party Debt Collection[(1)]			
Total Debt Collected	51.4		
Debt returned to Original Credit Grantors	39.3		
Consumer Credit[(2)]			
Net Change in Consumer Credit	62.5	82.3%	62.9%
Total Consumer Credit Outstanding	2,188.7	2.3%	1.8%
Other Household Debt[(2)]			
Total Household Borrowing	1,204.7	4.3%	3.3%
All Household Debt Outstanding	11,496.6	0.4%	0.3%
Corporate Profits Before Tax[(2)]			
Corporate Profits Before Tax	1,417.3	3.6%	2.8%
Domestic Nonfinancial	867.5	5.9%	4.5%
Domestic Financial	345.9	14.9%	11.4%

Sources:

(1) PricewaterhouseCoopers LLP estimates based on the 2006 Credit and Collection Industry Survey.

(2) Federal Reserve Board, "Flow of Funds Accounts of the United States." Release Z.1, March 9, 2006.

IV. SURVEY AND ESTIMATION METHODOLOGY

Sampling Frame Development

As a first step in creating our sampling frame, PricewaterhouseCoopers LLP purchased a list of collection agencies from Dun & Bradstreet ("D&B"). In order to avoid sending surveys to multiple locations within the same firm, we asked that the list be limited to headquarters operations and single location entities located in the United States. In addition to the name and address of the firm, we requested that D&B provide us with a contact person, the firm's phone number, revenues and employment. This data would be used to help develop our estimates of total collections in the industry.

Once this list was obtained we removed all records which had a primary Standard Industrial Classification (SIC) code that was not 7322 ("Adjustment and Claims Services"). Finally, working with ACA International we attempted to identify instances in which the name, address, or phone number for the contact person was incorrect. In these cases, an attempt was made to contact the business to determine the correct mailing address and contact person. We also attempted to identify and eliminate any firms that were no longer in business or were subsidiaries of other businesses on our list. During this stage of the process we identified a number of firms that were no longer in the debt collection business and eliminated them from our sampling frame.

After completing our processing, we had a listing of 6,164 third-party collection agencies. The total revenues for these third-party collection agencies as shown by D&B were $11.8 billion, and the total employee count as shown by D&B was 171,681. ACA International requested that seven additional businesses that were not in the D&B listings for third-party collection agencies be included in the sampling frame. This brought the total number of firms in the sampling frame to 6,171.

Sample Design

The statistical analysis uses a prediction-based (also known as model-based) statistical methodology. As such, we selected a balanced sample with respect to a quantity that is known for all members of the sampling frame. We chose to use the revenue data supplied by D&B for this purpose. Because the seven extra firms that ACA International requested be included in the study were not in the D&B listings for third-party collection agencies, we did not have the revenue data for them. Therefore, we placed these seven firms in a certainty stratum and surveyed all of them. However, responses from these firms were not used to represent other agencies in the sampling frame. Instead, response values from these firms were added to the sampling frame estimates to obtain the final results.

We selected a balanced sample using a selection methodology described in Valliant et al.[17] In following this methodology, we divided the sampling frame into two additional strata: one for the 111 largest agencies in terms of revenues, and another for the remaining 6,053 agencies. All firms in the "large agency" stratum were selected for the sample, and 874 firms from the remaining stratum were selected. In total 992 firms were selected for the sample. Table IV.1 is a summary of our sample design.

Table IV.1 – Sample Design

Stratum	Number of Companies	Total Sales per D&B (Billions)	Sample Size
1. ACA International Additions	7		7
2. Highest D&B Sales Stratum	111	$7.69	111
3. Remaining D&B Stratum	6,053	$4.07	874
Total	**6,171**	**$11.76**	**992**

Response Quality Review

A survey questionnaire was sent to each agency in the sample. We received responses from 117 of them. Diagnostic analysis was performed on the response data, and several questionable response values were identified. For example, some responses had unusually high gross collections when compared with other similar agencies. Also, we had a few respondents whose gross collections on a commission basis (Question 1) were less than or equal to the commissions earned (Question 2). Some survey questions were also left blank, making it unclear whether this meant that the respondent did not want to provide us the information or if a blank was a response of zero.

We contacted agencies identified in our diagnostic analysis in order to determine if the response value we received was correct for the question. In some cases we confirmed that the response value provided by the agency was correct, but in other cases the respondent told us that the original value was incorrect, and provided us with the correct value. We were not able to reach all the agencies with questionable responses, and the questionable responses for these agencies were treated as "no response." The survey analysis is based on the remaining 114 complete responses. Table IV.2 is a summary of the unweighted responses we received for the survey questions.

[17] Valliant, R., Dorfman, A. H., and Royall, R. M. (2002). *Finite Population Sampling and Inference: A Prediction Approach.* John Wiley & Sons, Inc., New York.

Table IV.2 – Survey Response Summary
(Dollar amount in millions)

Question	Response Count	Average	Median
1. Gross Collections on a Commission Basis	114	$ 67.7	$ 11.2
2. Commissions Earned	114	$ 12.9	$ 2.5
3. Revenue from Purchased Accounts	114	$ 6.0	$ -
4. Number of Employees	114	346	41
5. Number of Telephone Collectors	114	199	22

Estimation

We used a prediction- (or model-) based statistical methodology as described in Valliant et al. to derive national estimates for the third-party debt collection industry. Under this methodology, statistical regression is used to develop mathematical relationships between auxiliary variables such as D&B revenues or employment with survey response values of all survey respondents within each stratum. The mathematical relationship is then used to predict values for all unobserved members of the sampling frame based on the auxiliary information. Survey response values are aggregated along with predicted values within and across strata to obtain estimates. The variances of the estimates are calculated by comparing observed and predicted values for each survey response. Variances are calculated within each stratum and then totaled for the overall variance. The margin of error of each estimate is based on the corresponding variance, and is assessed at the 90-percent confidence level using a confidence factor based on Student's t distribution. The results of this estimation methodology for each survey question are provided in Table IV.3.

Table IV.3 – Estimation Results

Question	Estimated Value	Margin of Error
1. Gross Collections on a Commission Basis (Billion)	$ 49.1	± 21%
2. Commissions Earned (Billion)	$ 9.8	± 16%
3. Revenue from Purchased Accounts (Billion)	$ 2.3	± 49%
4. Number of Employees	168,343	± 13%
5. Number of Telephone Collectors	99,907	± 16%

APPENDIX A

SURVEY QUESTIONS

Data referred to in the main text are based on the responses to the following five survey questions.

COLLECTIONS

1. In 2005, what was the total amount of gross collections generated by your agency on debt collected on a commission basis? $ ________
2. In 2005, what was the total amount of commissions earned by your agency on accounts referred to you for collection? $ ________
3. In 2005, what was the total amount of revenue generated by your agency from gross recoveries on accounts you purchased and own? $ ________

EMPLOYEES

4. How many total employees (counting full-time and part-time equally) did you employ as of December 31, 2005? (Example: 3 full-time and 2 part-time would be 5 total employees.) ________
5. How many telephone collectors (counting each employee who communicates with debtors by telephone for any reason) did you employ as of December 31, 2005? ________

APPENDIX B

ABOUT PRICEWATERHOUSECOOPERS NATIONAL ECONOMIC CONSULTING

Since 1984, PricewaterhouseCoopers LLP's National Economic Consulting (NEC) group has provided clients with a broad range of economic, statistical, and modeling services. NEC is an integral part of the Washington National Tax Services office, the firm's policy analysis and advocacy organization. Our clients include corporations, trade associations and coalitions, government agencies, law firms, and other organizations.

Economic Impact Analysis

We analyze the impacts of private sector decisions on the economy, as well as the effects of government decisions on the private sector. For companies, we estimate the contributions of their operations to the regional economy. For trade associations, we quantify the industry-wide impacts of government mandates, such as environmental regulations. For associations and coalitions, we project the effects of tax and spending proposals on economic indicators, such as employment, investment, and exports, by industry and geography.

Survey, Research, Statistical and Data Analysis, and Benchmarking

We focus on locating the data our clients need, drawing on our team's experience using a wide range of public and proprietary databases and our experience working with large computer files. We also have experience designing and assisting with the implementation of company surveys for associations and coalitions, maintaining professional standards of confidentiality and increasing compliance with anti-trust regulations. In addition, we help clients implement proprietary benchmarking studies to enable comparison of their performance to that of their peers.

Additional information about PricewaterhouseCoopers LLP's National Economic Consulting group is available at www.pwc.com/nec.